

Employer discretions

Discretionary powers allow employers to choose how, or if, they apply certain provisions. The ERPF require a copy of the discretionary policies held by each employer to ensure that the potential employer costs are correctly reflected in future valuation results; in the absence of a policy being held the actuary will assume the higher cost option is taken by the employer which would increase the employer's liabilities.

Two documents will be going on to the ERPF website very soon to help employers update their discretions with ease. These two documents are:

- a form for the employer to complete indicating what their discretions are (only in relation to the five which **must** be published) and,
- a document providing further guidance on those discretions and the implications specific options can have.

Once an employer has made a policy, that policy must be published for all staff to see for 30 days. Only after this period, and only after any queries have been dealt with, can the policy become effective; at this time, an employer should forward a copy to the ERPF.

If you have not yet made a policy please submit this to the ERPF by 28 February 2017.

Revised employee leaver form and estimate form

The Employee Leaver and Employer Estimate forms are now available for employees whose leaving date is on or after 1 April 2017. A PDF copy of both forms has been sent with this Employer Bulletin and copies are also available on the ERPF website in both PDF and Word format.

At the same time the forms have also been updated to include an email contact detail. As email is the preferred method of contact for the ERPF we are asking employers to supply this additional contact detail in case of return or queries.

If you have any questions about these forms, or need further advice when completing a form please contact Suzanne Firth by email Suzanne.firth@eastriding.gov.uk or by telephone on 01482 394178.

Dates to remember

The ERPF is preparing to receive the 2017 year end returns from over 250 scheme employers.

The timetable for the submission of the year end returns in 2017 was issued in bulletin 25 and as a reminder it is provided again below:

- **Employers to submit year end returns for 2016/17 by Monday 24 April 2017.**
- **25 April 2017 to 26 May 2017 - Fund to check year end returns to validate data for loading and posting to the member records.**
- **Fund will notify employers by 30 May 2017 where there are any queries and employers will have until 16 June 2017 to resubmit an accurate year end return.**
- **19 June 2017 to 21 July 2017 - Fund to load and post correct year end returns which were received on or before 16 June 2017.**

It is vital that all employers adhere to the timetable and submit accurate year end returns by the deadline. Failure to do so may result in the Fund not being able to issue annual benefit statements by the 31 August 2017 and as such will be in breach of regulation 89 of the Local Government Pension Scheme (LGPS) Regulations 2013.

The full specification and a checklist to help employers compile the data will be issued in February 2017.

In the meantime if anyone has any specific queries or concerns about the year end return please contact either Pete Parnaby by email peter.parnaby@eastriding.gov.uk or Teresa Eaton-Watts at teresa.eaton-watts@eastriding.gov.uk

2017/18 employee contribution bands

In recent weeks the ERPF have received a number of enquiries from scheme employers and payroll departments regarding the employee contribution bandings for 2017/18.

LGPS contribution bandings are updated each year in accordance with pensions increase and in September 2016 the rate of CPI was 1%.

Whilst we expect that 2017's pensions increase will apply at a rate of 1% and employee contribution bandings will be updated at the same time, this has not yet been confirmed by HM Treasury. Confirmation will be issued as soon as possible.

2016 Fund valuation

Scheme employers who were part of the East Riding Pension Fund at 31 March 2016 will have now received their Formal Valuation Draft Results for the 2016 triennial valuation.

The total contributions (primary and secondary) set out in the Formal Valuation Draft Results schedule are the minimum employer contributions that should be paid from 1 April 2017 to 31 March 2020 and employers must make sure that this information is shared with payroll providers.

The Fund actuary will calculate the revised employer contribution for any scheme employers who joined the East Riding Pension Fund after 31 March 2016 and these will be issued shortly.

The Funding Strategy Statement sets out the Fund's approach to funding employers' pension liabilities under the Local Government Pension Scheme. The consultation period for feedback on the draft Statement ended on the 20 January 2017. Officers will review the comments received and update the Statement where required for approval by the Pensions Committee of the East Riding Pension Fund. The Statement will be published by 31 March 2017.

LGPS Member Website

The LGA have carried out some improvement work on their member website www.lgpsmember.org.

This includes three new modellers which have been introduced which may be of interest to your employees:

- Lump sum modeller – allows a member to work out how much pension they can convert to lump sum at retirement
- Lifetime allowance quick check tool – allows a member to work out if they are likely to exceed the LTA
- Annual allowance quick check tool – allows a member to check the amount of annual allowance used from 2016/17 onwards

A link to the LGPS member site is provided through the ERPF website.

Automatic enrolment thresholds for 2017/18

The Government has published a review of the 2017/18 bands and thresholds for automatic enrolment. The proposed rates for 2017/18 are as follows (though these will need to be set out in secondary legislation in order to come into effect from 6 April 2017):

	Trigger	Lower limit qualifying earnings band	Upper limit qualifying earnings band
Current (2016/17)	£10,000	£5,824	£43,000
Proposed (2017/18)	£10,000	£5,876	£45,000

Exit payment cap

Scheme employers may wish to note that changes to the LGPS to restrict exit payments to less than £95,000 will **not** take effect from 1 February this year as previously intended.

It is understood that HM Treasury may undertake further consultation on draft regulations covering the cap before any changes become effective.

AVC Wise – local authority NIC savings opportunity

You may recently have received an email from PSTAX providing details about their salary sacrifice arrangement for shared cost AVCs within the LGPS known as AVC Wise.

We have been informed by the Fund's AVC provider, Prudential, that implementing a 'shared cost' arrangement under the LGPS Regulations 2013, means that any such arrangement is not solely a matter to be agreed under the individual's contract of employment. It must also comply with Scheme Regulations and applicable pension legislation.

Before any such new salary sacrifice arrangements can be implemented in respect of AVC contributions, Prudential must agree to the new arrangement as the AVC provider. Prudential have provided a letter (see the email attachment '*Information for LGPS employers on Shared cost AVCs Salary Sacrifice*') setting out their position and you are advised to notify Prudential of any Shared Cost AVC arrangements that may have been set up without Prudential's knowledge.

Distribution details

To make sure the information provided in the monthly employer bulletins is reaching the right people, could you please circulate this bulletin to colleagues within your organisation who have responsibilities for pensions including Business Managers, Finance Officers, HR and Payroll staff.

If you would like to add anyone to the mailing list please then their details (name, email address and organisation): liz.vollans@eastriding.gov.uk.

Earlier bulletins issued can all be found on the ERPF website <http://www.erpf.org.uk/employers>